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 $\underline{\P}1$ . (U) This is an action request. USUN should draw from the following building blocks for remarks during June 23 consultations on the Middle East.

## 12. (SBU) Begin building blocks:

It is the policy of the United States to move quickly and actively to seek a lasting peace between Israel and its neighbors. We envision two states, a Jewish state of Israel and an independent state of Palestine, living side by side in peace and security. We envision a Palestinian Authority that can realize the Palestinian people's legitimate aspirations and be a genuine party to peace by continuing to recognize Israel, renounce violence, and accept previous agreements and obligations. We envision a comprehensive peace among Israel and all its neighbors that respects Israel's rightful place in the community of nations.

The President, the Secretary of State, Special Envoy Mitchell, and the entire Administration are fully committed to these goals. We are engaged in serious and intensive discussions with our Israeli, Palestinian, and regional partners to create the conditions for the prompt resumption and early conclusion of negotiations.

We welcome as an important step forward Prime Minister Netanyahu's recent recognition of the two-State solution. The parties are now working toward a common goal: two states, side by side in peace and security. only viable solution to meet the aspirations of both sides and achieve the peace we all seek.

Yet all of us realize that even unconditional Israeli recognition of a Palestinian State would not be enough to bring peace to the region. The international community, through the Quartet, will meet on June 26 to continue to advance the international community's efforts to foster a lasting peace. While the Quartet remains the principal instrument for international engagement, the Quartet is not a panacea. All parties concerned have unique responsibilities and roles to play. All have both the opportunity and the obligation to contribute positively to ease tensions and promote stability, both political and economic. All have both the opportunity and the obligation to take meaningful steps toward peace and normalization of relations between all states in the region.

We are pressing all parties equally to take meaningful steps. Israelis and Palestinians have a responsibility to meet their obligations under the Roadmap, to which they committed in 2003. It's not just their responsibility; we believe it's in their interests, as well.

For the Israelis, that means a stop to settlements, dismantling outposts, and other actions. For the Palestinians, that means continuing security reforms and cooperation in ending incitement.

For Arab countries, that means taking meaningful steps toward peace and normalization. As the President said during his historic June speech in Cairo, Arab states must recognize that the Arab Peace Initiative was an important beginning, but not the end of their responsibilities. The Arab-Israeli conflict must become a spur for looking forward, not back. Arab states must help the Palestinian people develop institutions that will sustain their state, recognize Israel's legitimacy, and choose progress over a self-defeating focus on the past.

As we work to build an atmosphere for the resumption of negotiations, we must also collectively help the Palestinians to build the foundations of a state. Budget assistance to the Palestinian Authority will assist it in its single highest priority of avoiding fiscal insolvency, and such assistance will help ensure that the PA remains a credible government able to foster the conditions for a future viable, peaceful Palestinian state.

Budget support is not just about paying salaries. It is about building and strengthening Palestinian governance, expanding the rule of law, and improving the climate for business development and economic growth. It is about providing opportunities for Palestinians to determine their own future. It is about reinforcing transparent financial controls and accountability. It is about helping the legitimate Palestinian government meet the needs of its people. It is about supporting the teachers and doctors that provide basic services to Palestinians in the West Bank and Gaza.

In this regard, the Ad Hoc Liaison Committee continues to play a useful role in coordinating donor assistance for the Palestinian Authority and the Palestinian economy. The most recent meeting of June 8 called on donors to meet their financial commitments to the PA to ensure its continued stability. The AHLC also highlighted the need for donors and the parties to develop the Palestinian private sector through targeted investments, increased security and the rule of law, and a reduction of restrictions on access and movement. We look forward to a productive meeting of the Committee in September.

We also are committed to the PA's efforts, in conjunction with the UN and other partners, to improve the lives of people in Gaza, as well as in the West Bank. As Gazans continue to suffer under misrule by a group that still supports the use of violence and terror, we must redouble our efforts to address the basic health, shelter, food, and infrastructure needs of the people of Gaza through the Gaza Recovery Plan introduced by the PA in Sharm al-Sheikh.

We continue to engage the Government of Israel on a daily basis on the volume and range of humanitarian items and humanitarian workers entering Gaza. We encourage Israel to make it easier to bring humanitarian goods into Gaza and to ease restrictions on urgently needed items, including critical building supplies. As part of a lasting cease-fire, Gaza's border crossings should be opened to permit the robust flow of aid and commerce with an appropriate monitoring regime joined by both the international community and the Palestinian Authority.

We remain deeply concerned that the continued smuggling of weapons into Gaza constitutes a serious and immediate threat to regional peace and security, putting innocent lives at risk and threatening to set off another deadly round of violence. All states, particularly those in the region, must continue to do everything they can to prevent this smuggling.

The United States commends the Lebanese people and their government and security forces for carrying out a free, fair, and peaceful election on June 7. The Lebanese government overcame significant logistical hurdles to hold the ballot on a single day. The shape of Lebanon's next cabinet must be decided by the Lebanese themselves, free from outside interference.

End building blocks. CLINTON